

REGION SIX PLANNING COMMISSION

**Audited Financial Statements
Required Supplementary Information
Schedule of Findings**

For the Years Ended June 30, 2008 and 2007

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REGION SIX PLANNING COMMISSION

BOARD OF DIRECTORS AND OFFICIALS

BOARD MEMBERS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Keith Sash	Chairperson	Tama County
Jim Johnson	Vice Chairperson	Hardin County
Patrick Brooks	Secretary/Treasurer	Marshall County
Mark Schoborg	Member	Private Sector
David Schmidt	Member	Private Sector
Gordon Canfield	Member	City of Grinnell
Brian Weuve	Member	City of Iowa Falls
Roger Luehring	Member	City of Gladbrook
Dick Hierstein	Member	City of Marshalltown
Lindi Roelofse	Member	Tama County
Lamoyne Gaard	Member	Poweshiek County

AGENCY OFFICIALS

Marty Wymore	Executive Director
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Certified Public Accountants
Donald C. Timmins, CPA
Julie Meyer Kroll, CPA
Kim L. Jacobsen, CPA

REPORT OF INDEPENDENT AUDITOR

To the Board of Directors
Region Six Planning Commission
Marshalltown, Iowa

We have audited the accompanying financial statements, as listed in the table of contents of this report, of Region Six Planning Commission as of and for the years ended June 30, 2008 and 2007. These financial statements are the responsibility of Region Six Planning Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of Region Six Planning Commission as of June 30, 2008 and 2007, and the respective changes in its financial position, cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2009 on our consideration of Region Six Planning Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis on pages four through eight and the Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual on pages thirty-two and thirty-three are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Region Six Planning Commission's basic financial statements. The supplemental information included on pages twenty-six through thirty-three is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Timmins, Kroll & Jacobson CP

Des Moines, Iowa

March 30, 2009

REGION SIX PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Region Six Planning Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with Region Six Planning Commission's financial statements, which follow.

Overview of the Financial Statements

The Region Six Planning Commission proprietary fund represents all Region 6 Planning Commission activities other than the Iowa Connections program. The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. Region Six Planning Commission is the administrative agency for the Iowa Connections program and the grant funding for Iowa Connections flows through the Commission, and therefore is accounted for in a Governmental Special Projects Fund. The special projects fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting.

Following this discussion and analysis are the basic financial statements of the Commission together with notes, which are essential to a full understanding of the data contained in the financial statements. The Commission's financial statements are designed to provide readers with a broad overview of the Commission's finances.

Management's Discussion and Analysis introduces the basic financial statements and provides additional insight into the financial activities of the Commission.

The Balance Sheets - Government-Wide presents information on the Commission's assets and liabilities as of June 30, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Activities – Government Wide presents information on revenues and expenses and the change in net assets using the accrual basis of accounting whereby all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Balance Sheet – Special Projects Fund and Statement of Revenues, Expenditures and Changes in Fund Balance – Special Projects Fund report the assets, liabilities, fund balance, revenues and expenditures of the Iowa Connections Marketing Group of which Region Six Planning Commission is the administrative agency.

The Balance Sheets – Proprietary Fund and Statements of Revenues, Expenses and Changes in Net Assets – Proprietary Fund report the assets, liabilities, net assets, revenues and expenses of Region Six Planning Commission other than the Iowa Connections Marketing Group. The statements present information on the Commission's operating revenues and expenses, non-operating revenues and expenses and whether the Commission's financial position has improved or deteriorated as a result of the year's activities. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows.

REGION SIX PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2008

The Statement of Cash Flows presents the change in the Commission's cash and cash equivalents during the year. Consequently, only transactions that affect the Commission's cash accounts are reported in this statement. This information can assist the user of the report in determining how the Commission financed its activities and how it met its cash requirements. A reconciliation is provided at the bottom of this statement to assist in the understanding of the difference between cash flows from operating activities and operating income.

The Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights

As of 6/30/08 Region 6 Planning Commission had \$456,257 of unrestricted cash. The unrestricted cash in our account increased by \$65,385. We also had \$108,618 of accounts receivable in the proprietary fund. Most of that would be considered as non-restricted. Accounts receivable and government grants at the end of the year increased \$886. We had pledges receivable of \$70,500 for local support of our building project. We also had \$17,772 of accounts payable for the 6/30/08 ending date. State and federal assistance increased by \$111,645.

The Region 6 Planning and Transit program had \$1,139,329 of regular operating expenses for FY 08 and \$75,333 for prepaid lease payments written off. This is a non-recurring expense. Revenues totaled \$1,244,396. Our business type activities (i.e. planning and transit programs) total assets increased by \$35,834.

The Iowa Connections account cash decreased by \$34,663. The state funds for this activity terminate at the end of 6/30/09, so the long term future is uncertain. The expenses in this activity exceeded revenues by \$33,299 which was anticipated. The cash in this account totaled \$68,912 at the end of the fiscal year. Membership dues income decreased in the Iowa Connections program. Some of the pledges only provided funding in the first year. Grant income decreased for this program in 2008. The program requested as much grant income as was possible under the grant agreement. Grant income in 2009 will be dramatically less. Expenditures (other than the change in allowance) for the 2008 year were \$63,178 more than 2007. Expenditures will likely be similar in 2009.

Planning related expenditures increased by \$28,658. Most of this is due to increased staff hours in this activity.

Transit expenditures increased by \$111,014 or 16%. The primary area of increase was in transit administration. A transit manager was hired in 2008. The total increase in administration was \$70,124. Fuel increased \$19,088. Vehicle repairs also increased about \$6,622. We also had several new full time drivers, because we cannot find good part time personnel. Our benefit costs increase with that change also. Service hours for 2008 actually decreased 1,257 to 20,148.

REGION SIX PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2008

Interest income was good for the year at \$14,413. That income as of today's date has declined to less than 1% apr, since our return rate is based upon a 90 day treasury bill. We will be looking at other cash options once our capital project is complete.

Federal and state support continues to increase. We will likely continue to see some federal transit operating support increases. All the planning programs have increased financial support. The federal transit capital funding decreased from 07 to 08 but that will increase again in 09. The future federal revenue forecast is good. The future state funding support is uncertain. In 2009, state transit assistance increased 7%. This funding is partially dependent upon the use tax, which is influenced by car sales. During past state deficit years, the legislature has also dipped into the transit fund. The new state funded flood support activity will help with these one time expenditures, but the amount that can be earned to run the program appears to be somewhat less than the cost.

Region 6 will continue to see decreases in the fuel tax refund account. Today, all of our fuel purchases are exempt from federal taxes, because of our Wright Express and Marshall County fuel account expenditures. We will continue to see some state refunds which are about \$1,200 per quarter.

Contract transit revenue increased 10% from 07 to 08. The amount of revenue from this source will be at similar levels.

Planning contracts expenditures increased 12% from 07 to 08. Most of this was due to increased USDA Housing Preservation Grant expenditures. This project was conducted in Iowa Falls. This program is now complete and we are completing a similar project in Grinnell. Planning programs will be increasing in the future with flood relief and hazard mitigation planning.

General administration expenditures increased 16% from 07 to 08 or \$17,473. The largest share of the increase was in direct expenses. This includes items like legal publications, office supplies, telephone, travel, business insurance, and board meetings.

With our public transit function it is necessary to fully allocate all costs. General administration and general transit expenses are allocated out to all programs. General administration is allocated on the basis of actual administrative hours. Transit expenditures are allocated on basis of hours and miles.

Federal, state, and local revenues in 2008 were similar as in 2004. Local funds in 2008 were at the lowest level over the 5 year period. State funds were at the highest level in 2008. With our flood work in 2009, that level will spike. Federal funds were also at the highest level in 2008. That level will increase substantially in 2009 with capital projects and flood work.

General Region 6 activities, which generally include our planning activities, lost \$20,747 in FY 2008. The transit activities gained \$23,072. A change in our 28E Agreements with the City of Marshalltown resulted in a net loss of \$4,833. The net was a \$2,508 loss in net assets. General receipts from interest income, fuel tax refunds, and miscellaneous sources provided \$32,242 of income. The total change in net assets was a gain of \$29,734.

REGION SIX PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2008

The challenges for the future will be to ensure that the planning programs at least break even. New transit programs also will need to be designed that gain ridership without significant cost increases. The Region 6 building project will deplete most of our cash reserves. We will still have around \$190,000 of cash but that will be needed for cash flow. It will be highly important to ensure that all programs (transit and planning) at least break even. Region 6 senior management will need to have sufficient time to monitor expenditures and revenues with all the new activities that we are taking on. Many of these new activities are short term (i.e. flood) but have significant expenditures.

Capital Assets

The Commission's capital assets, net of accumulated depreciation, totals \$302,902. The Commission's capital assets include transit vehicles with a depreciated cost of \$267,537, office equipment and furniture with a depreciated cost of \$1,497 and building construction in progress of \$33,868.

The Commission's capital assets had a net decrease of \$34,385. Capital assets purchased during the year included a transit bus for \$52,711 and building construction of \$33,868. Depreciation expense was \$120,964 for the fiscal year ended June 30, 2008.

Financial Analysis

A summary of the Commission's balance sheet is presented below.

Net Assets

	June 30,	
	2008	2007
Current assets	\$ 948,118	\$ 841,121
Non-current assets	175,007	242,838
Capital assets at cost, less accumulated depreciation	302,902	337,287
Total assets	<u>1,426,027</u>	<u>1,421,246</u>
Current liabilities	91,676	86,088
Total liabilities	<u>91,676</u>	<u>86,088</u>
Net assets		
Invested in capital assets	302,902	337,287
Restricted	339,218	299,948
Unrestricted	692,231	697,923
Total net assets	<u>\$ 1,334,351</u>	<u>\$ 1,335,158</u>

REGION SIX PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

A summary of the Commission's Statement of Revenues, Expenses and Changes in Net Assets is presented below.

Changes in Net Assets

	June 30,	
	2008	2007
Support and revenue		
Grants and appropriations	\$ 623,870	\$ 512,225
Membership dues	35,624	36,729
Local services and support	570,489	524,153
Iowa Connections revenues	118,188	117,980
Other non-operating revenue	14,413	11,248
Total support and revenue	<u>1,362,584</u>	<u>1,202,335</u>
Expenditures		
General planning	24,220	25,986
Planning contracts	279,823	249,399
Transit expenses	826,779	715,765
Iowa Connections expenses	148,729	70,551
General administrative	8,507	10,841
Prepaid lease written off	75,333	-
Total expenditures	<u>1,363,391</u>	<u>1,072,542</u>
Changes in net assets	(807)	129,793
Net assets beginning of year	<u>1,335,158</u>	<u>1,205,365</u>
Net assets end of year	<u><u>\$ 1,334,351</u></u>	<u><u>\$ 1,335,158</u></u>

Contacting the Commission's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Region Six Planning Commission, 905 East Main Street, Suite A, Marshalltown, IA 50158.

**REGION SIX PLANNING COMMISSION
BALANCE SHEET
GOVERNMENT WIDE
JUNE 30, 2008**

	Governmental Activities	Proprietary Activities	Total
ASSETS			
Current assets			
Cash	\$ 68,912	\$ 456,257	\$ 525,169
Restricted cash	-	170,959	170,959
Receivables:			
Accounts	46,978	62,402	109,380
Government grants	-	46,216	46,216
Pledges receivable	2,000	38,160	40,160
Interest	-	457	457
Prepaid insurance		11,846	11,846
Prepaid lease - current portion	-	8,000	8,000
Current portion notes receivable			
LHAP notes receivable	-	1,502	1,502
RLF notes receivable	-	34,429	34,429
Total current assets	<u>117,890</u>	<u>830,228</u>	<u>948,118</u>
Noncurrent assets			
LHAP notes receivable	-	4,060	4,060
RLF notes receivable	-	138,607	138,607
Pledges receivable		32,340	32,340
Capital assets (net of accumulated depreciation)	-	302,902	302,902
Total noncurrent assets	<u>-</u>	<u>477,909</u>	<u>477,909</u>
Total assets	<u><u>\$ 117,890</u></u>	<u><u>\$ 1,308,137</u></u>	<u><u>\$ 1,426,027</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$ 7,803	\$ 17,772	\$ 25,575
Accrued payroll and payroll taxes	-	31,056	31,056
Accrued vacation	-	16,771	16,771
Deferred revenue	-	18,274	18,274
Total liabilities	<u>7,803</u>	<u>83,873</u>	<u>91,676</u>
Net assets			
Invested in capital assets	-	302,902	302,902
Restricted	110,087	229,131	339,218
Unrestricted	-	692,231	692,231
Total net assets	<u>110,087</u>	<u>1,224,264</u>	<u>1,334,351</u>
Total liabilities and net assets	<u><u>\$ 117,890</u></u>	<u><u>\$ 1,308,137</u></u>	<u><u>\$ 1,426,027</u></u>

See accompanying notes to financial statements.

**REGION SIX PLANNING COMMISSION
STATEMENT OF ACTIVITIES
GOVERNMENT WIDE
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Expenses</u>	<u>Program Receipts</u>	<u>Operating Grants, and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental activities:				
Iowa Connections	\$ 148,729	\$ -	\$ 115,430	\$ (33,299)
Business type activities:				
Planning and transit activities	1,214,662	473,337	738,817	(2,508)
General receipts:				
Transit interest income				9,186
EDA/RLF interest income				13,095
Iowa Connections interest income				2,758
Fuel tax refund				7,603
Miscellaneous income				<u>2,358</u>
Change in net assets				(807)
Net assets beginning of year				<u>1,335,158</u>
Net assets end of year				<u><u>\$ 1,334,351</u></u>

See accompanying independent auditors' report.

**REGION SIX PLANNING COMMISSION
BALANCE SHEETS
SPECIAL PROJECTS FUND - IOWA CONNECTIONS
JUNE 30, 2008 AND 2007**

ASSETS		
	<u>2008</u>	<u>2007</u>
Cash	\$ 68,912	\$ 103,575
Receivables		
Accounts	46,978	27,368
Pledges	<u>2,000</u>	<u>18,000</u>
Total receivables	<u>48,978</u>	<u>45,368</u>
Total assets	<u><u>\$ 117,890</u></u>	<u><u>\$ 148,943</u></u>
LIABILITIES AND FUND BALANCE		
Deferred revenue	\$ 36,549	\$ 24,300
Accounts payable	<u>7,803</u>	<u>8,315</u>
Total liabilities	44,352	32,615
Fund balance		
Restricted for Iowa Connections	<u>73,538</u>	<u>116,328</u>
Total liabilities and fund balance	<u><u>\$ 117,890</u></u>	<u><u>\$ 148,943</u></u>

See accompanying notes to financial statements.

**REGION SIX PLANNING COMMISSION
RECONCILIATION OF THE BALANCE SHEETS - SPECIAL PROJECTS
FUND TO THE BALANCE SHEET - GOVERNMENT WIDE
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Total special projects fund balance	\$ 73,538	\$ 116,328
Pledges receivable that are not available to pay current period expenditures and, therefore, are deferred in the special project fund	<u>36,549</u>	<u>24,300</u>
Total special project net assets per the government-wide balance sheet	<u>\$ 110,087</u>	<u>\$ 140,628</u>

See accompanying notes to financial statements.

REGION SIX PLANNING COMMISSION
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL PROJECTS FUND - IOWA CONNECTIONS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Revenue		
Membership dues	\$ 18,729	\$ 21,068
Local support through contributions	18,250	28,610
Workshop income	-	480
Grant income	66,202	75,000
Total support and revenue	<u>103,181</u>	<u>125,158</u>
Expenditures		
Marketing and economic development	133,364	69,330
General administrative	365	1,221
Increase in allowance for uncollectible pledges	15,000	-
Total expenditures	<u>148,729</u>	<u>70,551</u>
Operating income (loss)	(45,548)	54,607
Non-operating revenue		
Interest income	<u>2,758</u>	<u>1,522</u>
Change in fund balance	(42,790)	56,129
Fund balance beginning of year	<u>116,328</u>	<u>60,199</u>
Fund balance end of year	<u><u>\$ 73,538</u></u>	<u><u>\$ 116,328</u></u>

See accompanying notes to financial statements.

**REGION SIX PLANNING COMMISSION
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - SPECIAL PROJECTS FUND
TO THE STATEMENT OF ACTIVITIES - GOVERNMENT WIDE
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Net change in fund balance as reported on the statement of revenues, expenditures and change in fund balance - special projects fund	\$ (42,790)	\$ 56,129
Because some contributions will not be collected for several months after year end, they are not considered available revenues and are deferred in the special projects fund - change in deferred revenue	<u>12,249</u>	<u>(8,700)</u>
Change in net assets as reported for governmental activities in the statement of activities	<u>\$ (30,541)</u>	<u>\$ 47,429</u>
Reported in the statement of activities as:		
Iowa Connections net change	\$ (33,299)	\$ 45,907
Iowa Connections interest income	<u>2,758</u>	<u>1,522</u>
	<u>\$ (30,541)</u>	<u>\$ 47,429</u>

See accompanying notes to financial statements.

**REGION SIX PLANNING COMMISSION
BALANCE SHEETS
PROPRIETARY FUND
JUNE 30, 2008 AND 2007**

ASSETS

	<u>2008</u>	<u>2007</u>
Current assets		
Cash	\$ 456,257	\$ 390,872
Restricted cash	170,959	148,354
Receivables:		
Accounts	62,402	58,342
Government grants	46,216	51,162
Pledge receivable	38,160	-
Interest	457	2,512
Prepaid insurance	11,846	-
Prepaid lease - current portion	8,000	8,000
Current portion LHAP notes receivable	1,502	1,053
Current portion RLF notes receivable	34,429	51,288
Total current assets	<u>830,228</u>	<u>711,583</u>
Noncurrent assets		
Long term portion - prepaid lease	-	83,333
LHAP notes receivable	4,060	4,895
RLF notes receivable	138,607	135,205
Pledge receivable	32,340	-
Capital assets (net of accumulated depreciation)	302,902	337,287
Total noncurrent assets	<u>477,909</u>	<u>560,720</u>
Total assets	<u><u>\$ 1,308,137</u></u>	<u><u>\$ 1,272,303</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 17,772	\$ 18,213
Accrued expenses		
Payroll and payroll taxes	31,056	24,995
Vacation	16,771	16,291
Deferred revenue	18,274	18,274
Total liabilities	<u>83,873</u>	<u>77,773</u>
Net assets		
Invested in capital assets	302,902	337,287
Restricted	229,131	159,320
Unrestricted	692,231	697,923
Total net assets	<u>1,224,264</u>	<u>1,194,530</u>
Total liabilities and net assets	<u><u>\$ 1,308,137</u></u>	<u><u>\$ 1,272,303</u></u>

See accompanying notes to financial statements.

REGION SIX PLANNING COMMISSION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Support		
Federal grants	\$ 380,452	\$ 301,635
State appropriations	243,418	210,590
Local support	79,323	9,375
Membership dues	35,624	36,729
Total support	<u>738,817</u>	<u>558,329</u>
 Revenue		
Local services	473,337	496,862
Interest income on notes receivable	7,868	8,813
Fuel tax refund	7,603	9,103
Miscellaneous income	2,358	-
Total revenue	<u>491,166</u>	<u>514,778</u>
 Total support and revenue	<u>1,229,983</u>	<u>1,073,107</u>
 Expenditures		
General planning	24,220	25,986
Planning contracts	279,823	249,399
Transit expenses	826,779	715,765
General administrative	8,507	10,841
Prepaid lease written off	75,333	-
Total expenditures	<u>1,214,662</u>	<u>1,001,991</u>
 Operating income	15,321	71,116
 Non-operating revenue		
Gain on sale of vehicle	-	610
Interest income	14,413	10,638
Total non-operating revenue	<u>14,413</u>	<u>11,248</u>
 Change in net assets	29,734	82,364
 Net assets beginning of the year	<u>1,194,530</u>	<u>1,112,166</u>
 Net assets end of year	<u><u>\$ 1,224,264</u></u>	<u><u>\$ 1,194,530</u></u>

See accompanying notes to financial statements.

**REGION SIX PLANNING COMMISSION
STATEMENTS OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Cash received from federal support	\$ 395,179	\$ 271,409
Cash received from state support	236,685	199,170
Cash received from other revenues	528,505	570,888
Cash paid for goods and services	(350,643)	(335,706)
Cash paid for employees and benefits	(665,592)	(535,282)
Net cash provided by operating activities	<u>144,134</u>	<u>170,479</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(86,579)	(107,572)
Proceeds from sale of capital assets	-	610
Net cash used by capital and related financing activities	<u>(86,579)</u>	<u>(106,962)</u>
Cash flows from investing activities		
Payments of notes receivable	92,761	96,340
Notes receivable advanced	(70,927)	(111,300)
Interest received on bank accounts	16,469	8,882
Net cash provided (used) by investing activities	<u>38,303</u>	<u>(6,078)</u>
Net increase in cash and cash equivalents	95,858	57,439
Cash and cash equivalents at beginning of year	539,226	481,787
Cash and cash equivalents at end of year	<u>\$ 635,084</u>	<u>\$ 539,226</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 15,321	\$ 71,116
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	120,964	118,629
Prepaid lease written off	75,333	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	761	(31,642)
Increase in pledge receivable	(70,500)	-
(Increase) decrease in prepaid expense	(3,846)	8,000
Increase (decrease) in accounts payable	(441)	106
Increase in payroll accruals	6,542	4,270
Net cash provided by operating activities	<u>\$ 144,134</u>	<u>\$ 170,479</u>

See accompanying notes to financial statements.

REGION SIX PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 and 2007

NOTE 1 - ORGANIZATION

Region Six Planning Commission is a voluntary association of local governments established in 1974 per Chapter 28H and 28E of the Code of Iowa to provide member communities with professional services in the areas of community and rural development through planning services and technical assistance, coordination of regional community development planning, and operation of a regional transit system. The Commission is also authorized as a review and comment agency for federal grants for which member governments have applied. Membership is open to any local government in Hardin, Marshall, Poweshiek and Tama Counties in the State of Iowa.

During the year ended June 30, 2006, Region Six Planning Commission was named the administrative agency for Iowa Connections Regional Marketing Group. The Commission was named as the grantee with Iowa Connections as the sub-grantee on a \$175,000 grant through the Iowa Department of Economic Development. The Iowa Connections activities are reported in a special revenue fund.

The Commission is governed by a Board of Directors which includes officials appointed by the member governments. It is the policy of the Commission that at least 51% of the total Board of Directors as appointed by member governments shall be elected officials holding office and that least 35% of the Board of Directors shall be non-elected officials.

NOTE 2 - BASIS OF PRESENTATION

The government-wide balance sheet and statement of activities reports information on all of the activities of the Commission. Governmental activities, which are supported primarily by intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The balance sheet presents the Commission's assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and reduced by debt attributable to the acquisition, construction or improvement of those assets, if any.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantor, contributors, laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Commission's policy is to specifically identify which expenditures are paid from restricted funds when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

REGION SIX PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 and 2007

NOTE 2 - BASIS OF PRESENTATION (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those not clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds.

NOTE 3 - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all requirements imposed by the provider have been met.

The special revenue fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The proprietary fund of the Commission applies all Government Accounting Standards Board (GASB) pronouncements as well as all Financial Accounting Standards Board pronouncements unless these pronouncements conflict with or contradict GASB pronouncements.

The Commission's financial statements include the accounts of all Commission operations including Iowa Connections Regional Marketing Group since the Commission is the named grantee on funds intended for Iowa Connections marketing efforts. The Region Six Planning Commission has no component units which meet the Governmental Accounting Standards Board criteria.

The accounts of Region Six Planning Commission, other than as administrative agency for Iowa Connections, are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

REGION SIX PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 and 2007

NOTE 3 - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Commission utilizes cost allocation methods to distribute certain direct and indirect costs to its various programs. Costs which are common to more than one program have been identified and classified into cost pools. These cost pools have been allocated to the programs based on formulas developed by the Commission for each pool. The formulas are primarily based on mileage within the cost center area to total mileage or are based on hours spent in a cost center area as a percentage of total hours.

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The following accounting policies are followed in preparing the balance sheet:

Cash and cash equivalents – The Commission considers demand deposits, certificates of deposit, and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Commission's deposits in banks were entirely covered by federal depository insurance or as part of a state collateral pool that insures funds held for government entities by financial institutions. State law limits the investment vehicles that may be used by the Commission. All of the Commission's funds are held in financial institutions located in Iowa.

Accounts receivable – Accounts receivable in the government wide and proprietary fund consist primarily of contracted fare revenue and billings for planning services, and receivables from grantor agencies. Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenses as of the beginning and end of the year. Receivables from grantor agencies represent an excess of expenses over cash basis reimbursements at year end. Pledges receivable in the proprietary fund represent local support pledged for a building project. Accounts receivable in the special revenue fund consist of pledges receivable and per capita funding collectible in 60 days. Management believes that all receivables are collectible and therefore no allowance is recorded on the special projects fund financial statements. On the government wide financial statements, the special projects fund includes additional pledges (to be collected after 60 days of year end) and an allowance for uncollectible accounts of \$25,000 and \$10,000 has been recorded as of June 30, 2008 and 2007.

Capital assets – Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets, generally 3 to 10 years.

REGION SIX PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 and 2007

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets (continued) - Capital assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date of the donation. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while major betterments or improvements extending the life of the asset are capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Compensated absences - Commission employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. This liability has been computed based on current rates of pay. In addition, Commission employees accumulate a limited amount of earned but unused sick leave hours. The unused sick leave is not paid out upon termination, retirement or death and is not recognized as a liability by the Commission. The amount of accumulated unused sick leave at June 30, 2008 based on current rates of pay totals \$76,400.

Federal and state grants - Federal and state grants are made available to the Commission for the acquisition of public transit facilities, planning studies, buses or other transit equipment. Unrestricted operating grants and grants restricted as to purpose, but not contingent on the actual expenditures of funds, are recognized when the right to the funds becomes irrevocable. Where the expenditure of the funds is the prime factor for determining the eligibility for the grant proceeds, the grant is recognized at the time when the expense is incurred.

Deferred revenue - Deferred revenue represents grant funds received for which disbursements have not occurred.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 5 - LHAP NOTES RECEIVABLE

On January 19, 2000, the Commission received a LHAP Award Grant in the amount of \$200,000. The funding for the grant was an appropriation to IDED by the State Legislature for the LHAP program established under the 1999 Iowa Code, and an agreement with the Iowa Finance Authority as authorized by 2000 Iowa Acts, House File 2422. The Commission was to make 10 year, low interest loans of up to \$10,000. Households benefiting from LHAP loans were to be at or below 110% of the county median income limits. Two loans were made under this agreement. Amendment 4 to the agreement allowed for forgivable loans of the remaining funds, with 20% of the loan amount forgiven for each year that the recipient remained in the home. Forgivable loans totaling \$88,827 were made during the year ended June 30, 2004. As of June 30, 2008, forgivable loans totaling \$19,273 have been repaid to the Commission for homes sold within five years of the loan date. During the year ended June 30, 2008, a loan for \$927 was issued under this program. Management considers the LHAP notes receivable to be collectible and therefore no allowance has been recorded.

REGION SIX PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 and 2007

NOTE 6 - RLF NOTES RECEIVABLE

On April 30, 2001, the Commission received a grant from the U.S. Department of Commerce, Economic Development Administration in the amount of \$150,000, under Title II, Section 209 of the Economic Development Reform Act of 1998. This grant is to be the federal contribution to a revolving loan fund. The loan recipient must contribute a matching amount, to provide for a total of \$300,000. The minimum interest rate that may be charged on all RLF loans will be no lower than four percentage points below the current money center prime rate as quoted in the Wall Street Journal, but no less than four percent. During the year ended June 30, 2008, one loan for \$40,000 was granted at an interest rate of five percent. During the year ended June 30, 2007, three loans totaling \$111,300 were granted at interest rates of five percent. Management considers the remaining notes receivable to be collectible and therefore no allowance has been recorded.

In July 2007, Region 6 was notified of a requirement to compute excess funds as defined in federal regulations. If RLF capital loaned or committed falls below the required capital utilization percentage in two consecutive reporting periods, the excess funds are sequestered and may be required to be paid over to EDA. During the year ended June 30, 2008, Region Six Planning Commission was informed that \$18,210 was required to be sequestered and was deposited into a separate restricted bank account.

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance beginning of the year	Additions	Deletions	Balance end of the year
Proprietary fund activities:				
Building construction	\$ -	\$ 33,868	\$ -	\$ 33,868
Furniture and fixtures	19,760	-	-	19,760
Vehicles	924,807	52,711	-	977,518
Total capital assets	944,567	86,579	-	1,031,146
Less accumulated depreciation for:				
Furniture and fixtures	16,760	1,503	-	18,263
Vehicles	590,520	119,461	-	709,981
	607,280	120,964	-	728,244
Capital assets - net	\$ 337,287	\$ (34,385)	\$ -	\$ 302,902

Depreciation expense was charged to the following functions:

Governmental activities:	
General administration	\$ 1,503
Transit administration	119,461
Total depreciation expense	\$ 120,964

REGION SIX PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 and 2007

NOTE 8 – RESTRICTED NET ASSETS

Restricted net assets consists of the following restricted amounts:

Restricted for Iowa Connections	\$ 110,087
Restricted for purchase of capital assets	58,172
Restricted for LHAP loan program	44,136
Restricted for RLF program	<u>126,823</u>
Total restricted net assets	<u>\$ 339,218</u>

NOTE 9 – LEASE AGREEMENTS

The Commission leased a copier under a sixty month non-cancellable lease commencing January 2005. The lease required payments of \$129 per month. In June 2007, the copier lease was terminated and a new lease agreement for a sixty month non-cancellable lease commencing July 2007 was signed. The lease requires monthly payments of \$210 and a \$1,000 downpayment was made on the lease in June 2007. Lease payments of \$2,520 and \$3,034 were made during the years ended June 30, 2008 and 2007. Remaining lease commitment is \$2,520 for each of the years ended June 30, 2009 through 2012.

The Commission leases a postage meter system under a forty-eight month lease commencing January 2008. If the Commission cancels the lease prior to the termination date, a termination charge equal to the net present value of the remaining monthly payments discounted to a present value at a rate of 6% must be paid. The lease requires payments of \$66 per month. Lease payments of \$396 were made during the year ended June 30, 2008. Remaining lease commitment is \$792 for each of the years ended June 30, 2009 through 2011 and \$396 for the year ended June 30, 2012.

On September 10, 2002, a 28E Agreement was signed for the lease of offices and other associated space within a new transit/public works facility on property owned by the City of Marshalltown at 12th Avenue and Main Street. This agreement began upon completion of the construction and will be in effect for a period of 15 years with options for renewal of the lease for additional periods of five years providing a written notice of the intent to renew sixty days prior to expiration. The City will provide building maintenance, cleaning services, utilities, mowing, snow and ice removal, general fire and casualty insurance and parking. In exchange for approximately 1,250 square feet, the Commission paid an upfront investment of \$120,000. The Commission must also provide for contents and liability insurance. The Commission moved into the new space approximately November 20, 2003. The \$120,000 prepayment is being amortized on the straight line basis over the fifteen year life of the initial term of the agreement. Rent expense of \$8,000 was recognized in each fiscal year presented. Cancellation of this agreement may be effected by either party through a written notice to the other party at least ninety days prior to the date of cancellation.

During the year ended June 30, 2008, the Commission notified the City of Marshalltown of their intent to begin construction of a new office building. The prepaid lease recorded as of June 30, 2008 of \$83,333 was determined to have future value of \$8,000 and the remaining \$75,333 was written off to expense as of June 30, 2008.

REGION SIX PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 and 2007

NOTE 9 – LEASE AGREEMENTS (CONTINUED)

A 28E Agreement was signed with the City of Marshalltown whereby the Commission will lease land for a term of 50 years commencing May 1, 2008 for the sum total of \$50. The Agreement entitles Region Six Planning Commission to erect an office building on the leased site. The City will pay the cost of providing water and sewer services to the new building and a parking lot with ten parking spaces. In addition, the City will allow specified use of the City Public Works building for training, storage and bus parking. The value of the land leased at below fair market value, the water and sewer services to the new building, and the parking spaces is estimated at \$70,500 and is recorded as a pledge receivable at June 30, 2008.

If the Commission dissolves or ceases to utilize the building on the leased property during the term of the land lease, the City shall have the option to purchase the building at 70% of its fair market value and terminate the lease. Alternatively, the City may choose not to purchase the office building and will instead convey and deed the ground to Region Six Planning Commission for 30% of the fair market value of the office building.

NOTE 10 – OTHER COMMITMENTS

The Commission has entered into an agreement to be the administrative agency for Iowa Connections Marketing Group, which is a collaborative effort of six counties to join together in a mutually beneficial manner to promote the area through a variety of cooperative economic development marketing efforts. As administrative agency, the Commission acts as the fiscal agent for the Group. Additionally, the Commission is named as the grantee on a \$175,000 three year grant through Iowa Department of Economic Development. \$66,202 and \$75,000 was received on the grant during the years ended June 30, 2008 and 2007, respectively. The remainder is expected to be received during the year ended June 30, 2009. The Commission's duties specifically include compliance with grant provisions. Major grant provisions include proper use of the grant funds for intended purposes, reporting requirements, and a 100% match requirement that is intended to be met through pledged contributions by local businesses and a per capita assessment to the member counties.

In August 2007, the Commission entered into a contract for architectural services for an office building. The contract is for \$31,000 of which \$28,935 was incurred as of June 30, 2008.

In June 2008, the Commission entered into a purchase agreement for one transportation bus for a cost of \$54,895. The Commission has received approval for a grant through Iowa Department of Transportation for reimbursement of 83% of the purchase cost.

In June 2008, the Commission entered into a contract for production of GIS maps for \$3,000. No costs were incurred under the contract during the fiscal year ended June 30, 2008.

NOTE 11 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Commission assumes liability for any deductibles and claims in excess of coverage limitations.

REGION SIX PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 and 2007

NOTE 12 - PENSION AND RETIREMENT BENEFITS

The Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117. Plan members are required to contribute 3.70% of their annual covered salary and the Commission is required to contribute 5.75% of the annual covered payroll. Contribution requirements are established by State statute. The Commission's contribution to IPERS for the years ended June 30, 2008 and 2007 was \$28,609 and \$24,904 respectively, equal to the required contributions for each year.

NOTE 13 – ECONOMIC DEPENDENCY

The Commission received both operating and capital asset acquisition funds from the state and federal Department of Transportation. A significant reduction in these funds would adversely affect the Commission's operating results.

NOTE 14 – RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2007 were reclassified to conform to the presentation for the year ended June 30, 2008. The reclassifications had no effect on the previously reported change in net assets.

SUPPLEMENTARY INFORMATION

**REGION SIX PLANNING COMMISSION
SCHEDULES OF SUPPORT AND REVENUE
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Support:		
Federal grants:		
Federal transit assistance	\$ 206,406	\$ 127,864
Capital transit revenue	42,168	86,152
Economic Development Administration	39,756	22,060
Housing Preservation grant	33,299	16,800
Transportation planning	58,823	48,759
	<u>380,452</u>	<u>301,635</u>
State appropriations:		
State transit assistance	225,265	210,590
Capital transit revenue	18,153	-
	<u>243,418</u>	<u>210,590</u>
Local support:		
Council of Regional Governments	8,823	9,375
Local support for building project	70,500	-
Membership dues	35,624	36,729
	<u>114,947</u>	<u>46,104</u>
Revenue:		
Interest income	22,281	19,451
Fuel tax refund	7,603	9,103
Contract transit revenue	259,725	236,936
Farebox revenue	98,134	104,922
RLF income	-	3,651
Gain on sale of vehicle	-	610
Miscellaneous income	2,358	-
Planning revenue	115,478	151,353
	<u>505,579</u>	<u>526,026</u>
Total support and revenue	<u>\$ 1,244,396</u>	<u>\$ 1,084,355</u>

See accompanying independent auditors' report.

**REGION SIX PLANNING COMMISSION
SCHEDULES OF EXPENDITURES DETAIL
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Expenditures:		
General planning:		
Planning	\$ 24,220	\$ 25,986
Planning contracts:		
IDOT/ISTEA	73,665	59,968
Economic Development grant	66,272	43,319
USDA Housing Preservation grant	31,356	16,824
Other planning contracts	108,530	129,288
	<u>279,823</u>	<u>249,399</u>
Transit expenses:		
Transit administration	343,942	273,818
Marketing	2,166	2,118
Caravan - MMSC	88,446	78,185
Grinnell Regional Direct	22,718	10,105
Grinnell Transit	81,013	47,895
Iowa Falls Transit	44,562	49,827
Tama Elderly	19,941	20,818
Poweshiek CDC	49,920	40,511
Tama County CPC	45,285	38,554
Tama County Mental Health	1,254	5,945
Poweshiek County Mental Health	3,898	2,264
Hardin/EMH	46,093	33,617
Dysart	7,160	6,506
Tama - Marshalltown	39,048	32,685
Access, Inc.	52,188	41,025
Tama Medical	31,251	24,599
Marshalltown Paratransit	26,446	26,114
State Center Transit	54,603	54,871
Iowa City Medical	6,572	-
Hardin Medical	38,121	25,922
Marshall County	24,927	22,910
Tama County	6,830	4,320
Hardin County	1,652	4,174
Poweshiek County	2,022	1,579
	<u>1,040,058</u>	<u>848,362</u>

See accompanying independent auditors' report.

**REGION SIX PLANNING COMMISSION
SCHEDULES OF EXPENDITURES DETAIL
PROPRIETARY FUND - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Expenditures - continued:		
General administrative:		
Rent	\$ 8,000	\$ 8,000
Direct expenses	38,291	27,150
Office supplies	7,359	4,930
Postage	3,785	3,618
Legal and accounting	18,359	15,983
Salaries	27,531	26,103
Employee benefits	21,625	18,149
Bank charges	26	315
Bad debt expense	53	67
Depreciation	1,503	1,847
LHAP and RLF program	231	3,128
	<u>126,763</u>	<u>109,290</u>
	1,470,864	1,233,037
 Allocation of general administration	 (118,256)	 (98,449)
Allocation of transit expense	(213,279)	(132,597)
Prepaid lease written off	<u>75,333</u>	<u>-</u>
 Total expenditures	 <u><u>\$ 1,214,662</u></u>	 <u><u>\$ 1,001,991</u></u>

See accompanying independent auditors' report.

**REGION SIX PLANNING COMMISSION
COMPARISON OF REVENUES
PROPRIETARY FUND**

	Year ended June 30,				
	2008	2007	2006	2005	2004
Federal	\$ 380,452	\$ 301,635	\$ 133,704	\$ 206,135	\$ 356,866
State	243,418	210,590	213,284	197,600	240,138
Local	620,526	572,130	587,237	554,840	570,865
	<u>\$ 1,244,396</u>	<u>\$ 1,084,355</u>	<u>\$ 934,225</u>	<u>\$ 958,575</u>	<u>\$ 1,167,869</u>

See accompanying independent auditors' report.

REGION SIX PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008

		Program Receipts		Net (Disbursements)
	Expenses	Charges for Services	Operating Grants, and Contributions	Receipts and Changes in Net Assets
General activities:				
Community planning	\$ 196,934	\$ 115,478	\$ 84,203	\$ 2,747
Transportation planning	73,665	-	58,823	(14,842)
EDA/RLF	231	-	-	(231)
USDA Housing Preservation grant	27,156	-	33,299	6,143
Unallocated administrative expense	13,061	-	-	(13,061)
Depreciation	1,503	-	-	(1,503)
Change in 28E agreements	75,333		70,500	(4,833)
Total general activities	387,883	115,478	246,825	(25,580)
Transit operating activities:				
Capital transit grant revenue	-	-	60,321	60,321
Unallocated transit administration	13,369	-	-	(13,369)
Depreciation	119,461	-	-	(119,461)
Tama County	6,830	4,658	-	(2,172)
Hardin County	1,652	1,448	-	(204)
Poweshiek County	2,022	1,802	-	(220)
Marshall County	24,927	19,835	7,796	2,704
Caravan -MMS	88,446	45,729	57,200	14,483
State Center Transit	54,603	23,983	34,521	3,901
Iowa Falls Transit	44,562	22,033	36,897	14,368
Grinnell Transit	81,013	30,228	45,437	(5,348)
Tama County Mental Health	1,253	105	-	(1,148)
Tama Medical	31,251	12,935	16,509	(1,807)
Poweshiek CDC	49,920	35,109	42,486	27,675
Poweshiek County Mental Health	3,898	65	6,337	2,504
Access, Inc.	52,188	34,007	27,391	9,210
Tama County CPC	45,285	22,313	28,476	5,504
Grinnell Regional Direct	22,718	2,483	32,603	12,368
Tama Elderly	19,941	15,757	16,385	12,201
Tama - Marshalltown	39,048	16,587	22,513	52
Hardin Medical	38,121	20,785	19,887	2,551
Marshalltown Paratransit	26,446	26,918	-	472
Dysart	7,160	4,870	7,213	4,923
Hardin/EMH	46,093	14,914	24,763	(6,416)
Iowa City Medical	6,572	1,295	5,257	(20)
Total transit activities	826,779	357,859	491,992	23,072
Total	\$ 1,214,662	\$ 473,337	\$ 738,817	\$ (2,508)

See accompanying independent auditors' report.

**REGION SIX PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Expenses</u>	<u>Program Receipts</u> <u>Charges for Operating Grants,</u> <u>Services and Contributions</u>	Net (Disbursements) Receipts and Changes in Net Assets
General Receipts:			
Transit interest income			\$ 9,186
EDA/RLF interest income			13,095
Fuel tax refund			7,603
Miscellaneous income			<u>2,358</u>
Total general receipts			<u>32,242</u>
Change in net assets			29,734
Net assets beginning of year			<u>1,194,530</u>
Net assets end of year			<u><u>\$ 1,224,264</u></u>

See accompanying independent auditors' report.

REGION SIX PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES
IN BALANCES - BUDGET AND ACTUAL FOR PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Original and Final Budget	Actual	Final to Actual Variance Positive (Negative)
Revenues:			
Community planning	\$ 172,895	\$ 199,681	\$ 26,786
Transportation planning	75,290	58,823	(16,467)
EDA - Revolving loan fund	100,000	97,988	(2,012)
Housing Preservation grant	40,000	33,299	(6,701)
Transit operating	734,309	868,998	134,689
Local support for building project	-	70,500	70,500
Total revenues	<u>1,122,494</u>	<u>1,329,289</u>	<u>206,795</u>
Expenses:			
Community planning	148,282	211,498	(63,216)
Transportation planning	97,102	73,665	23,437
EDA - Revolving loan fund	100,000	71,158	28,842
Housing Preservation grant	40,000	27,156	12,844
Transit operating	739,241	826,779	(87,538)
Prepaid lease written off	-	75,333	(75,333)
Total expenses	<u>1,124,625</u>	<u>1,285,589</u>	<u>(160,964)</u>
Excess (deficiency) of receipts over expenses	(2,131)	43,700	45,831
Capital expenditures	(60,000)	(86,579)	(26,579)
Transit equipment grant and vehicle sale	68,400	60,321	(8,079)
Net capital expenditures	<u>8,400</u>	<u>(26,258)</u>	<u>(34,658)</u>
Excess of receipts and other financing sources over expenses and capital expenditures	6,269	17,442	11,173
Balances beginning of year	428,848	971,259	542,411
Balances end of year	<u>\$ 435,117</u>	<u>\$ 988,701</u>	<u>\$ 553,584</u>
Reconciliation of actual revenue per the budget to the audited financial statements:			
Total revenue per the financial statements		\$ 1,244,396	
Revolving loan fund principal repayments received		84,893	
Total actual revenue per the budget to actual comparison		<u>\$ 1,329,289</u>	
Reconciliation of actual expenses per the budget to the audited financial statements:			
Total expenses per the financial statements		\$ 1,214,662	
Revolving loan fund loan made		70,927	
Total actual expenses per the budget to actual comparison		<u>\$ 1,285,589</u>	

See accompanying independent auditors' report.

REGION SIX PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN BALANCES – BUDGET AND ACTUAL
FOR PROPRIETARY FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

Note to Budgetary Reporting

The Commission's Board of directors annually prepares a budget. Although the budget document presents function disbursements by cost center, the level of control is at the total expenditure/expense level, not by cost center. The Board of Directors reviews the proposed budget and grants final approval. The budget may be amended during the year. The budget is a good planning tool and is recommended even though there is no statutory requirement for budget in this organization.

REGION SIX PLANNING COMMISSION

Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>Federal Expenditures</u>
Direct:			
U.S. Department of Agriculture Rural Development Housing Preservation Grant	10.433		\$ 33,299
U.S. Department of Commerce Economic Development Administration Revolving Loan Fund	11.307		154,273
U.S. Department of Commerce Economic Development Administration Support for Planning Organizations	11.302	05-86-04343	6,708
	11.302	05-83-04506	33,048
Total direct awards			<u>227,328</u>
Indirect:			
U.S.. Department of Transportation Iowa Department of Transportation Federal Transit Assistance	20.509		191,649
Capital Transit Assistance	20.509		42,168
Regional Transporation Planning Program	20.515		30,305
Regional Transporation Planning Program	20.205		28,518
New Freedom Operating Assistance	20.521		14,757
Totalin indirect awards			<u>307,397</u>
Total federal expenditures			<u>\$ 534,725</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Region Six Planning Commission
Marshalltown, Iowa

We have audited the accompanying financial statements of the governmental activities and the business-type activities of Region Six Planning Commission as of and for the year ended June 30, 2008, and have issued our report thereon dated March 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Region Six Planning Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Region Six Planning Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiencies described in Items 08-1, 08-2, 08-3 and 08-4 in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described in items 08-1 and 08-2 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Region Six Planning Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Region Six Planning Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Region Six Planning Commission's response, and accordingly, we express no opinion on them.

This report is intended for the information and use of management, the Region Six Planning Commission Board of Directors, others within the entity, Iowa Auditor of State, and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Timmins, Kroll & Jacobson LLP

Des Moines, Iowa
March 30, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Region Six Planning Commission
Marshalltown, Iowa

Compliance

We have audited the compliance of Region Six Planning Commission with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. Region Six Planning Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contract, and grants applicable to its major federal program is the responsibility of Region Six Planning Commission's management. Our responsibility is to express an opinion on Region Six Planning Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Region Six Planning Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Region Six Planning Commission's compliance with those requirements.

In our opinion, Region Six Planning Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Region Six Planning Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Region Six Planning Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Region Six Planning Commission's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-1, 08-2, 08-3, and 08-4 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Region Six Planning Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Region Six Planning Commission's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information of Region Six Planning Commission's board of directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Timmins, Kroll & Jacobsen LLP

Des Moines, Iowa
March 30, 2009

REGION SIX PLANNING COMMISSION

STATUS OF PRIOR AUDIT FINDINGS Year Ended December 31, 2008

Finding 07-1:

Segregation of duties: One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual enters the cash receipts into the database used for billing, prepares the billing statements, prepares the deposit, takes the deposit to the bank and performs general ledger entry functions.

Recommendation: We realize that with a limited number of office employees, segregation of duties is difficult. However, the Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Current status: Same comment included in the 2008 findings.

Finding 07-2:

Adjustments to financial statements: Adjustments were proposed during the audit for the purpose of adjusting accounts receivable, pledges receivable, notes receivable, prepaid expenses, payables and net assets and to record depreciation. Several of the adjustments proposed and recorded were significant to the financial statements.

Recommendation: Management should identify and record all significant adjustments to the financial statements prior to the commencement of the audit.

Current status: A similar finding was included in the 2008 findings, but more adjustments for accrual basis accounts had been made prior to audit fieldwork in 2008.

REGION SIX PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Internal control over financial reporting:

Material weakness identified? Yes

Significant deficiencies identified not
considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified not considered
to be material weaknesses? Yes

Type of auditors' report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133, Section .510(a)? Yes

Identification of major programs:

Name of federal program

Department of Transportation

Federal Transit Assistance 20.509

Capital Transit Assistance 20.509

Department of Economic Development

Revolving Loan Fund 11.307

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

REGION SIX PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2008

Part II: Financial Statement Findings

08-1 Segregation of duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual enters the cash receipts into the database used for billing, prepares the billing statements, prepares the deposit, takes the deposit to the bank and performs general ledger entry functions.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response -We are developing a better ride scheduling and billing Access database system that will allow us to better track rides and payments. This system will allow Region 6 to have multiple staff tracking receivables, payables, and driver sheets. This new system will be implemented in March or April 2009. During this transition, administrative time can be re-distributed where segregation of duties will be improved.

Conclusion – Response accepted.

08-2 Adjustments to financial statements – Adjustments were proposed during the audit for the purpose of adjusting accounts receivable, pledges receivable, notes receivable, prepaid expenses, payables and net assets and to record depreciation. Several of the adjustments proposed and recorded were significant to the financial statements.

Recommendation – Management should identify and record all significant adjustments to the financial statements prior to the commencement of the audit.

Response - Region 6 Planning staff made many year-end adjustments prior to the audit. Our future goal is to make any adjustments prior to the commencement of the audit.

Conclusion – Response accepted.

08-3 Single Audit – During audit procedures it was determined that the Commission had federal expenditures exceeding \$500,000, and therefore was subject to Single Audit requirements. The Commission was not aware that they had exceeded the threshold prior to audit commencement.

Recommendation – The Commission should establish procedures for determining the amount of federal expenditures prior to commencement of the audit.

REGION SIX PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) Year ended June 30, 2008

08-3 (Cont) Response – We will review our federal expenditures prior to commencing an audit and determine whether a Single Audit is needed.

Conclusion – Response accepted.

08-4 Disbursement testing – The Commission has established internal control procedures for the processing of payment of invoices. We selected a sample size of 60 transactions to review to determine that the procedures were being performed as designed and that the transaction was coded appropriately in the accounting records. Of the 60 selected for testing, there was no receipt for one credit card purchase and three meal receipts did not include details of what was purchased or the purpose of the meal. The total of all these receipts was \$277.41.

Recommendation – Receipts should be retained for all credit card purchases and meal purchases should include detail of what was purchased and the purpose of the meal.

Response – This standard will be followed from this date forward.

Conclusion – Response accepted.

Section III – Federal Award Findings and Questioned Costs

The same internal controls are in place for federal programs as for the Association's non-federal programs. Therefore, the finding included in Section II above is also applicable to Federal awards.

There were no questioned costs over \$10,000.

Part IV: Other Findings Related to Required Statutory Reporting:

Official Depositories - The Commission approved a depository resolution including all approved bank accounts at the June 2006 and October 2006 Board meetings.

Travel expense – No expenditures of Commission's money for travel expenses of spouses or Commission's officials or employees were noted.

Business transactions – No business transactions between Commission and Commission's officials or employees were noted.

Board minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Bond coverage – Surety bond coverage is provided for the director and administrative personnel. The Commission has been unable to obtain bonding on bus drivers who have access to cash fares.